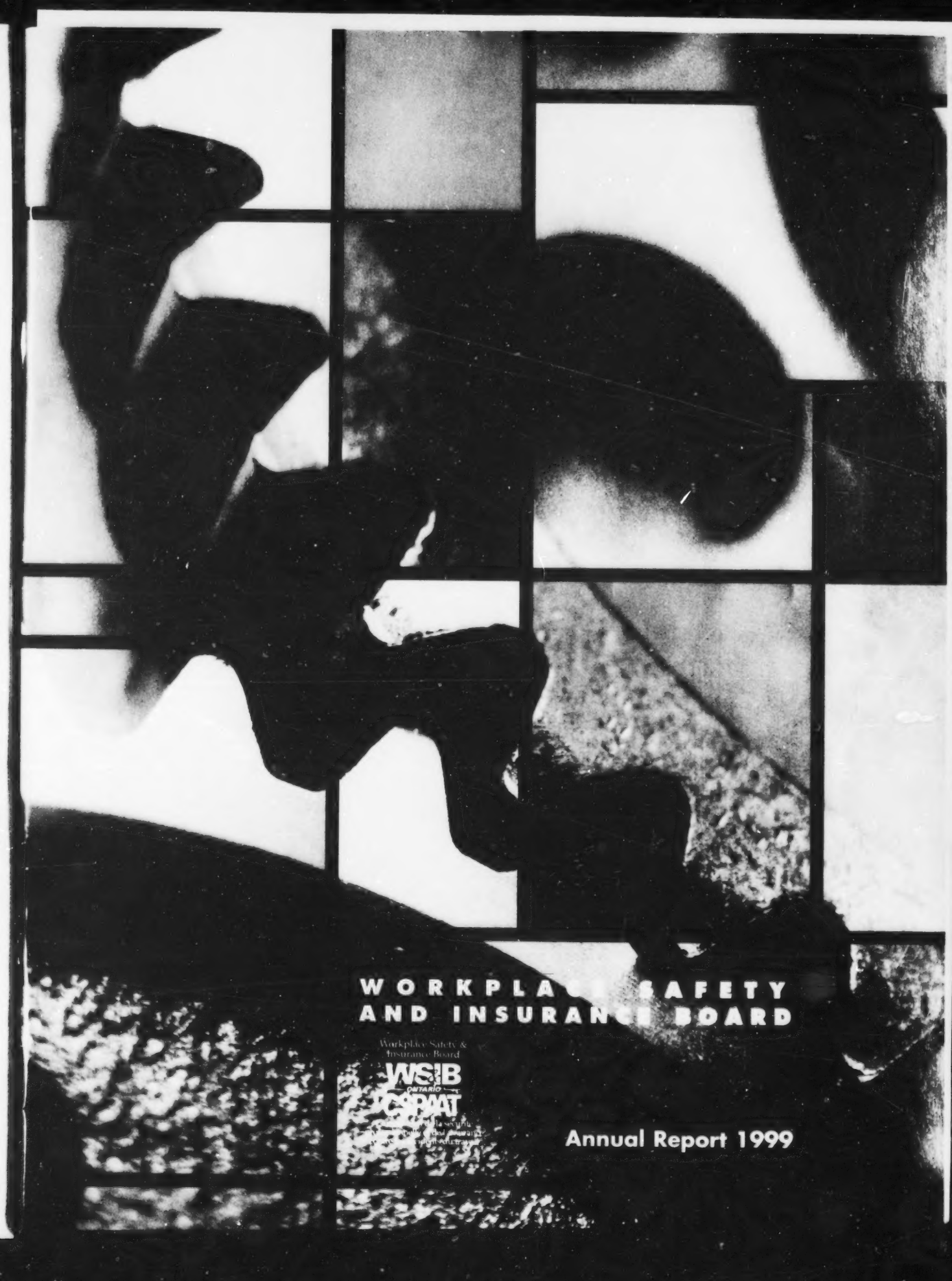

WORKPLACE SAFETY AND INSURANCE BOARD

Workplace Safety & Insurance Board

WSIB ONTARIO

CSPAAT

Annual Report 1999

The Workplace Safety and Insurance Board (WSIB) oversees Ontario's workplace safety education and training system. The WSIB also administers the province's no-fault workplace insurance for employers and their workers. As part of this system, the WSIB provides disability benefits, monitors the quality of health care, and assists in early and safe return to work for workers who are injured on the job or contract an occupational disease. The WSIB is funded entirely by employer premiums – it receives no public funding from the Ontario government.

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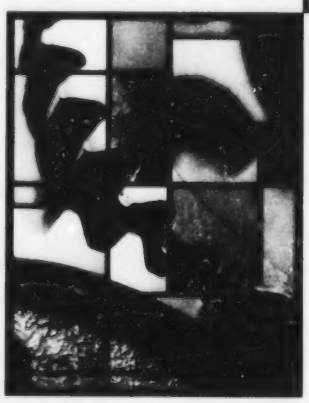


CHAIR'S MESSAGE

Looking back, this past year was filled with great successes and greater challenges. It is also important to look at what we have achieved over the past four years and how we have laid a solid foundation for yet another five years of significant improvements in many areas throughout the WSIB.

Financially, the unfunded liability has been reduced from $10.9 billion in 1996 to just over $6 billion in 1999. Premium rates have fallen by 24 per cent since 1995 to an average rate in 1999 of $2.42. Moreover, we are approaching funding ratio levels that have not been seen since the early 1980s. It is clear that we have achieved and will continue to maintain a stable, responsible fiscal environment. This is a key element in promoting Ontario's competitiveness in the global community.

Without question, our new service delivery model – which includes account managers, customer service representatives, consolidated adjudicators and nurse case managers – has improved service levels. However, we are still grappling with two formidable barriers in customer service: improving the efficiency and effectiveness of our processes, and the frustrating lack of access to the information that we need to do our job.

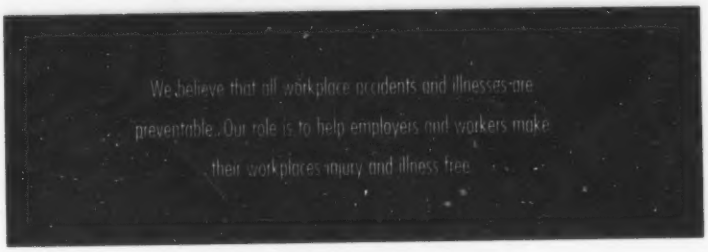
If we are to provide consistent outstanding day-to-day service for our customers, we need to overcome these barriers. That's why the Board of Directors has approved an ambitious program for the renewal of our business processes and our information technology.

As with any large scale transformation there is a certain amount of risk. The Board of Directors recognizes these risks and has ensured that appropriate checks and balances are in place throughout the various stages of the project.

In 1999 we continued our commitment to dealing with the challenges around attitudes and behaviours in workplaces toward safety and prevention. We launched two major public information and media advertising campaigns on safety and accident prevention including one that dealt specifically with young workers and summer jobs.

Results of these campaigns have been extremely positive – clearly demonstrating an increased awareness of the importance of health and safety in the workplace.

All of us must recognize our responsibility to improve the safeness of our workplaces and educate our youth. Those employing youth have a particular responsibility to ensure that these individuals receive the proper training. We will continue to inform young people that it is okay to ask questions and refuse unsafe work.


We believe that all workplace accidents and illnesses are
preventable. Our role is to help employers and workers make
their workplaces injury and illness free.

With the prevention focus, Ontario workplaces are becoming safer and more productive – everybody wins. We must continue to build on these winning strategies.

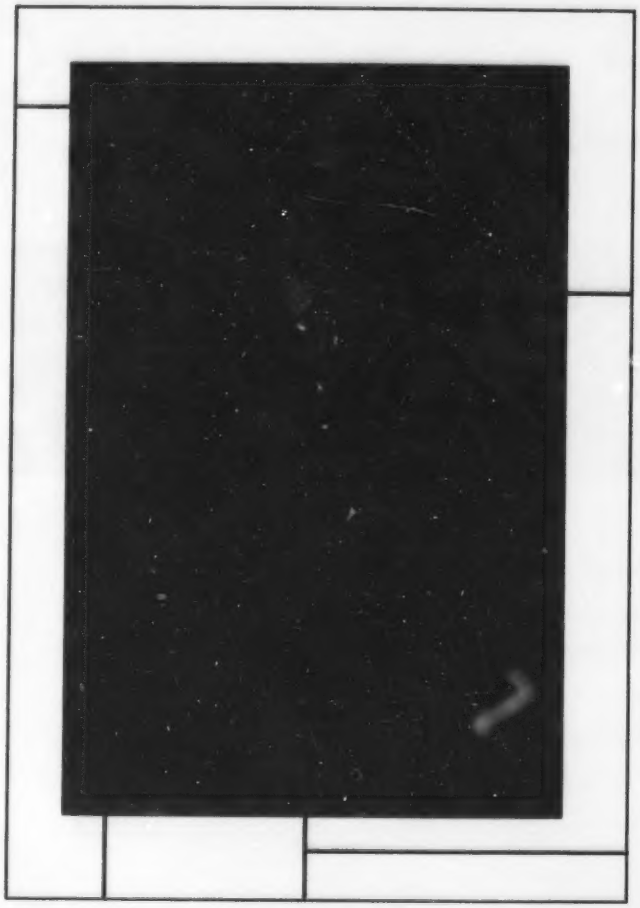
As I look at our challenges, I believe that occupational disease requires more attention as we come to better understand our roles and responsibilities as employers, workers and the WSIB. In 1999 we provided financial support to the Sarnia workers' clinic to investigate diseases in the local area.

We are committed to working through these serious and often disturbing issues and, as such, have a priority to establish a more effective Occupational Disease Response Strategy. As well, research into occupational disease will be an essential and important part of our research program.

I would like to thank the Board of Directors for their ongoing commitment and stewardship. I would particularly like to acknowledge the service of our Vice Chair, Eileen Mercier.

On behalf of the Board of Directors, I would also like to thank and acknowledge the substantial effort of our staff under the leadership of President and CEO David Williams and the Senior Management Team. Change is challenging but we are having success because we are united in purpose. We are united in our desire to reduce accidents and suffering while providing the right services at the right time to our customers and injured workers.

PRESIDENT AND CEO'S REPORT



Change, transition – these are familiar words to the WSIB and 1999 was no exception. We are continuing to work on defining what initiatives the organization needs to have in order to lead in prevention, health and safety; to better care for injured workers and to promptly and efficiently serve employers. This work has been ongoing throughout the year and is leading us into the new century.

Having said that, in order to support and move these initiatives forward, I believe that we also need to take care of the people inside the organization. Every single person in the WSIB must believe that he or she makes a difference in the quality and service that we provide to our customers and clients – whether they deal directly or indirectly with the customer or client. To help shape the change ahead of us and to ensure our employees commitment to that change, I wanted to listen and speak with each of our 4,300 employees and reinforce this message. Consequently, in 1999, my team and I traveled across the province and spoke to employees in small groups about these issues and heard how they felt about them.

Last year, we asked our employees to complete a voluntary survey that measured job satisfaction and management practices. The survey results established a number of baselines. This survey will be continued on a regular basis to confirm or highlight issues that need to be addressed or resolved.

The past year was a landmark for labour relations between the WSIB and its unionized employees. The WSIB and CUPE Local 1750, which represents about 75 per cent of our staff, reached a three-year agreement through a collaborative and cooperative effort at the bargaining table.

As a result of taking the above steps, I believe we will have the right ingredients to show that outstanding customer and client relationships begin with excellent employee relations.

At a corporate level, our 5-year strategic plan continues to unfold. Towards the end of 1999, five initiatives were identified that will move us forward to the corporate vision of eliminating all workplace injuries and illnesses.

One of these initiatives is high performance training for people and teams. This initiative is all about giving people the skills that will best help them to perform individually and in teams. Our commitment is that by the end of 2000, our front-line workers and the majority of all employees of the WSIB will have undergone this progressive training.

The Health Care Model is an initiative that focuses on five program areas: clinical care; purchase and payment of health services; information management and technology; strategic and operational relationships with health professionals; and quality and success measurements. The focus of treatment for injured and ill workers will be on outcomes rather than the process itself. This is leading to new instructive, co-operative and collaborative relationships between the WSIB and the health care providers.

Occupational disease is a critical health and safety issue that is gaining more awareness in Ontario. Consequently, an Occupational Disease Response Strategy will be established which will focus more closely on workers and their families who are affected by occupational diseases and the associated problems.

We've embarked on a new initiative to improve how we do business. This initiative, identified as The Agility Program, will look at changing our business processes and information technology. It will integrate all of our systems to better meet the needs of our clients and customers and help us to become a more efficient and effective organization.

All of our changes are centred on a vision – the elimination of all workplace injuries and illnesses. I am pleased with the continued progress of bringing all stakeholder groups, SWAs in particular, together to continue developing our coordinated approach to creating safe workplaces.

As part of our commitment to listen to our customers/clients, we initiated a major Angus Reid study in 1999 involving injured workers and employers. The results will serve as the baseline for future surveys on the needs and views of our stakeholders. By listening, we can improve our relationships with workers, injured workers and employers.

As we move through 2000, the initiatives we have started will evolve into concrete solutions that will help us to better serve workers, injured workers and employers in Ontario's industry sectors and small businesses. The reorganization of our business processes and information systems will allow us to access and use that knowledge and expertise in meaningful ways. Our future will be as a trustee of knowledge and a centre of expertise that will benefit and contribute significantly to the social and economic well-being of Ontario.

I would like to thank the employees and management of the WSIB for their dedication, for caring, and for getting the job done in these times of change and transition.

BOARD OF DIRECTORS

Left to right:
David Williams, Chris Griffin, John Gardner, Eileen Mercier, Glen Wright, Patrick Dillon

David Williams

Mr. Williams is President and CEO of the WSIB and a member of the Board of Directors. He is actively involved in many industry, government and community initiatives. These include being Director of the Grocery Industry Foundation.. Together (GIFT), Chair of the Centre for Studies of Children at Risk, and Chair of the Learning Partnership. He served as Chief Financial Officer of Loblaws Company, and then as President of National Grocers.

Chris Griffin

Mr. Griffin has been a member of the Board of Directors of the WSIB for two years. His exceptional community involvement and firefighting skills were recognized in 1983 when he was selected 'Firefighter of the Year' by the Oshawa Kiwanis Club. He is a Qualified Director of Training and has participated in the training of new firefighters since 1991. Mr. Griffin was promoted to Captain of the Oshawa Fire Department in 1997.

John Gardner

Mr. Gardner has been a member of the Board of Directors of the WSIB for three years. He served as President of Sun Life Assurance Company for 10 years before retiring in 1996. He is a Fellow of the Society of Actuaries and the Canadian Institute of Actuaries, and brings a solid understanding of key financial principles of the insurance industry to the WSIB's Board of Directors. He is currently Chair of the Field's Institute for Research in Mathematical Sciences.

Eileen Mercier

Mrs. Mercier, Vice Chair, has been a member of the Board of Directors of the WSIB for four years. She is President of Finvoy Management Inc., a management consulting firm specializing in financial strategy, restructuring/turnaround and shareholder relations issues. Mrs. Mercier has 30 years of senior financial, strategic and change management experience. She has also served as Chair of Sir Wilfrid Laurier University and is currently a member of the Board of Governors of York University and the Board of Trustees of the University Health Network, and member of the board of directors of several public companies.

Glen Wright

Mr. Wright has served as Chair of the Board of Directors for four years. He has more than two decades of experience in the health and disability insurance field and is also Chair of the consulting firm, Wright, Mogg and Associates Ltd. The firm advises clients on pensions, actuarial matters, employee benefits, group disability and health insurance, and human resources management. In addition, Mr. Wright serves as a Director of Spicer Corporation, and Gore Mutual Insurance, a property and casualty insurance company.

Patrick Dillon

Mr. Dillon has been a member of the WSIB Board of Directors for four years. He is Business Manager of the Provincial Building and Construction Trades Council of Ontario, an umbrella organization representing local unions, bargaining councils and local building trades councils in the construction industry throughout Ontario. He is also President of the Ontario Construction Secretariat.

1999 THE YEAR IN REVIEW

A vision of the future: Health and Safety Way at the 1999 IAPA Conference

...an incredibly busy year. Along with the corporate changes and transformation, staff and management continued to work on the WSIB strategic priorities: prevention, customer service and financial responsibility.

PREVENTION/HEALTH & SAFETY

With a vision of eliminating all workplace injuries and illnesses, the WSIB participated in an ambitious plan to promote health and safety and prevention awareness and make every person in Ontario aware that every accident and illness is a prevention opportunity.

A dual strategy

In 1999 the WSIB's prevention initiatives were influenced by a dual strategy. On the one hand we aimed our messages at the province's workplaces; on the other we pushed ahead with the integration of prevention into the WSIB corporate culture. As a result, 1999 gave rise to several noteworthy accomplishments:

- Prevention messages reached more Ontarians than ever through a variety of media.
- Some 120 teams, made up of WSIB Operations staff, received prevention integration training in 1999. By the year's end, the flow of health and safety initiatives was beginning to be from, instead of to, these areas.
- New levels of cooperation and partnership were reached in the health and safety system – in no small part due to WSIB leadership – allowing the health and safety system to confront the dramatic economic changes occurring in the province.

Prevention: marketing ideas

In 1999 the WSIB unveiled two social marketing campaigns. The first was directed at youth – asking the question "How Safe is Your Job?". It focused on an injured young worker, Matt Sagan.

The campaign, based on a poster photograph of Matt, used newspapers, various poster venues, and radio commercials to convey its message. An evaluation of the campaign showed a strong recollection of the poster.

The Youth campaign was a precursor to a major campaign carried out on television, radio and newspapers in November. The second campaign was designed to be seen by every television-viewing Ontarian at least 13 times. This campaign was the largest health and safety advertising venture since the mid-80s. Its emphasis on the relationship between

work and home, on how work-related injury and disease is not just a workplace issue, but also a community and family issue, broke new ground. Again, this campaign received a highly favourable evaluation with a significantly higher-than-expected recall factor – a good indicator that the message is starting to get through.

In 1999, the WSIB partnered with its local union, CUPE Local 1750, the Ontario Chamber of Commerce, and the Ontario Network of Injured Worker Groups to mark the Day of Mourning, to commemorate workers killed on the job. A joint advertising poster ran in all Ontario daily newspapers on April 28th.

In May, the WSIB, in cooperation with the Globe and Mail, produced a six-page health and safety insert in the paper to coincide with North American Occupational Safety and Health week. Not only did the supplement contain a wealth of information for readers about health and safety and prevention, it was also the first such initiative for the health and safety system and the WSIB.

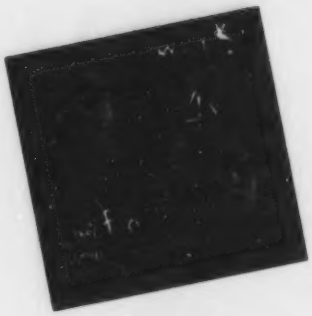
Equally impressive as an example of partnering was the Health & Safety Way. For the first time, the public-sector health and safety system – some 19 organizations – went on display in a unified exhibit at the 1999 IAPA Health and Safety Conference & Trade Show.

By the end of 1999, Sector Interagency Groups (SIGs) comprising the WSIB, the health and safety associations, and the Ministry of Labour, had taken root. The main goals of the SIGs are cooperation and production of relevant products and services. The SIGs link organizations in the system by industry sector. Each SIG project begins with analysis of the particular needs of a given sector. The end products reflect that analysis.

Take construction, for example. New and small firms are recognized as the new frontier in the achievement of health and safety awareness in the construction sector, bringing a combined expertise to bear on the problem. Three projects were initiated:

- an injury-reduction project to reduce lost-time injuries by 50 per cent among 260 'priority' firms;
- an information package, developed for new and small firms; and
- a questionnaire to gather information on workplace fatalities as a means to analyze fatalities and determine recommendations to prevent further fatalities.

There is also a need to transcend industry sectors – to develop tools for universal use. A real breakthrough in this category is OSH for Everyone. Developed in partnership with the Canadian Centre for Occupational Health and Safety (CCOHS), the health and safety associations, and the Ministry of Labour (MoL), this user-friendly CD-ROM has over 200 health and safety documents on items ranging from the Core Certification Manual to the Occupational Health and Safety Act to fact sheets and much more.

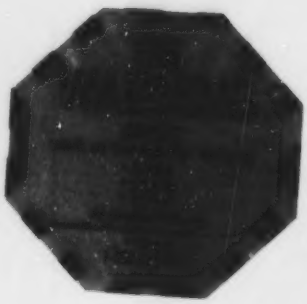


As part of the WSIB's objective to create a flow of prevention information through its front-line service delivery teams and out into workplaces, a Prevention Intranet was developed. This provides a continuously updated flow of online information that is available to all staff at the WSIB. Its main targets are front-line staff who meet employers and workers day in and day out.

Gathering best practices is another ongoing project – capturing the best practices of the top health and safety performers so that they can be used as models.

The trick is to get these practices on paper. That's the aim of a Best Practices Workbook developed in 1999. It asks the questions that elicit the details of a best practice. A database making these best practices widely and easily available is being planned.

Complementing the Best Practices initiative is Benchmarking, the process of finding the particular health and safety best practice (for example, accident investigation) and making the practice the benchmark for others to strive for and, hopefully, exceed. A five-step benchmarking process was developed in 1999. It has now been tested and is ready for use.



Programs, old and new

Prevention programs encompass awareness-raising, training, and incentives. They include programs old and new.

Most noteworthy is the Young Worker Awareness Program (YWAP). YWAP was promoted in 1999 via a direct mail campaign to high school principals, librarians and guidance counselors. The mailer went to 900 high schools across the province. WSIB also funded a one-year pilot program in Peterborough aimed at encouraging local businesses to give preference to young people who have had health and safety training. Called the Passport to Health and Safety Program, it gives students who have taken YWAP and certain training courses a 'passport' they can show when applying for jobs.

The WSIB partnered with the MoL and the Ministry of Education in 1999 to bring about a historically important development: the introduction of occupational health and safety into the high school curriculum. This subject will be offered from Grades 9 - 12.

The Safe Workplaces, Sound Business program raises health and safety awareness and commitment among CEOs through mentoring. Those who are champions – heads of companies with exemplary health and safety records – mentor other CEOs. In 1999 the WSIB sponsored a series of activities including a round table meeting, piloting of mentor-protegé relationships, and planning for future Champion events. The WSIB is already planning the next phase of this program.

Incentives

1999 was a year of innovation and development for WSIB incentive programs geared to enhanced prevention practice. Of particular note is the Safety Groups initiative. A Safety Group can be any group of more than 40 firms that come together to act as one firm for the purpose of arriving at a group premium. A trial implementation for eight to ten Safety Groups was set up in various sectors for the year 2000.

The Safe Communities Incentive Program (SCIP), a groundbreaking initiative for small businesses, paid out $648,000 to 386 firms in 1999. Four new communities were added to the SCIP roster in 1999, for a total of 14. As well, established incentive programs were slated for review with the result being a consultation on the New Experimental Experience Rating (NEER) program as well as on the Workwell Program. The Merit Adjusted Premium (MAP) program also received attention. It now provides firms whose premiums exceed $25,000 the option of leaving MAP for NEER.

1999 was an important year for Ontario's health and safety system – a system in which the WSIB plays a leading role.

The WSIB oversees a significant part of the system, the 14 health and safety associations. Prevention Dynamics was introduced to coordinate and centralize services to achieve efficiencies and greater effectiveness. Partnerships were magnified and solidified and, by year's end, the system and its work were more discernible than ever before. For the second consecutive year, the workforce increased substantially while the accident frequency rate, that is, the number of reported injuries per worker, decreased. To maintain that trend, we must continue to build awareness of and commitment to prevention.

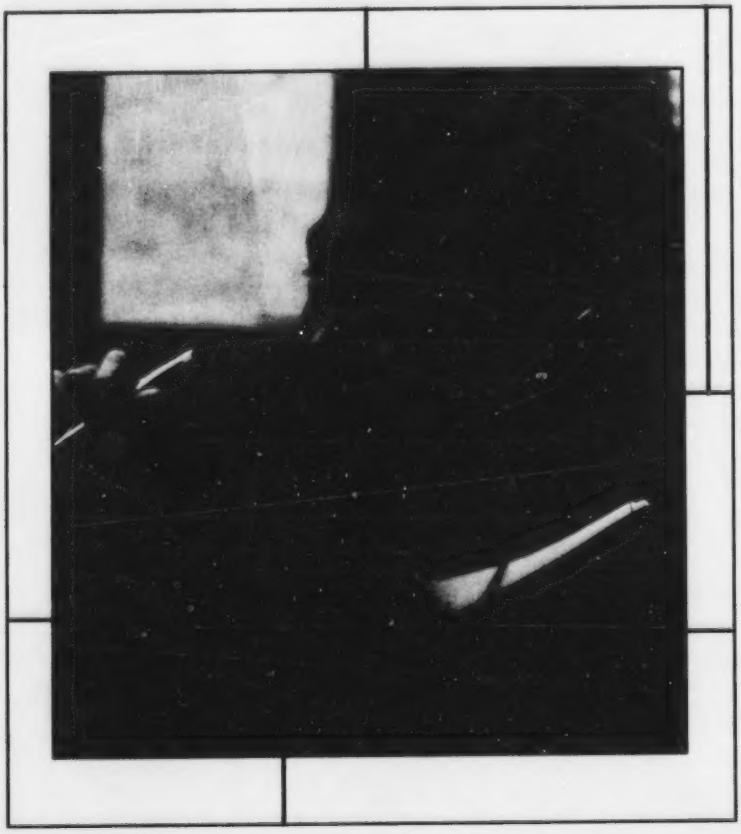
Research

Research provides the foundation for effective decision making – it allows us to make informed decisions that improve our ability to prevent, compensate and treat workplace injuries and illness including occupational diseases, and to help injured workers achieve early and safe return to work.

Through the WSIB's Research Advisory Council's 1999 grant program, Solutions for Workplace Change, the WSIB awarded $3 million in grant support to 20 external research projects. These peer-reviewed projects cover a broad range of topics pertinent to the WSIB's mandate. This is in addition to the $4.5 million provided to the Institute for Work and Health that carries out world class research on the prevention and reduction of workplace disability from musculo-skeletal injuries.

In November 1999, 300 people – stakeholders and researchers – participated in the Research Advisory Council's conference to help focus priorities for research funding in the year 2000. A second Request for Proposals was announced later that same month and successful proposals will be announced in mid-2000.

CUSTOMER SERVICE



The WSIB is focused on being responsive to the requirements of its stakeholders. This involves the delivery of quality service through a process of cooperation, consultation and collaboration.
In the early part of 1999, the WSIB commissioned a survey to benchmark its services with its clients and customers. The results show that the WSIB is seen to be moving in the right direction, but it also demonstrated there is room to improve on overall satisfaction. These results will serve as benchmarks for future surveys and assist the WSIB in improving the services it provides.

Corporate Initiatives

To transform the WSIB into an organization that is responsive to the needs of Ontario workers and injured workers, and the 180,000 employers covered by the WSIB, ground work was laid for the implementation of five corporate initiatives for the year 2000. These initiatives apply to all WSIB priorities.

The initiatives are high performance training for staff, refining the service delivery strategy, building a new health care model, implementing an occupational disease response strategy and the re-organization of business processes and information systems.

In Case of Injury at Work
Report injury to WSIB within 3 days if it involves:
• health care treatment, or
• time away from work, or
• lost wages
Questions? Call 1 800 387-0750

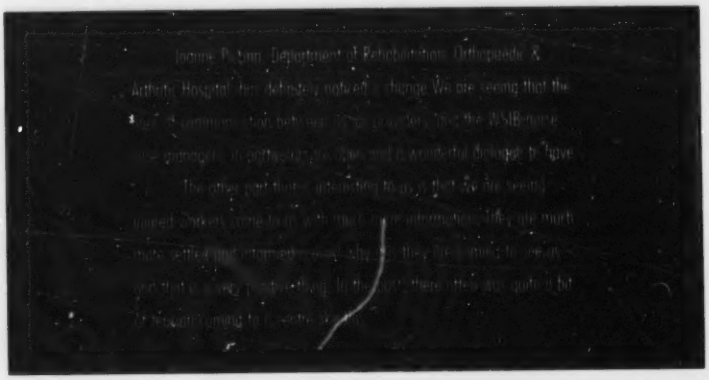
High Performance Training

The high performance training of front-line staff intensified in 1999. This training promotes accountability and allows each team to take ownership of its business activities.

Service Delivery Strategy

The WSIB also continued work on its restructured service delivery strategy. The new service delivery teams formed within the Industry Sectors and Small Business units offer workers, injured workers, employers, and health care providers one-stop shopping. Team members are able to provide a consistent understanding and a more streamlined decision-making process. The teams are learning to become more flexible and confident when looking for the best solution for all concerned. In other words, they are thinking outside the box.

Our staff is developing a better sense of workers', injured workers' and employers' requirements – permitting them to develop best practices, to deliver quality service, achieve early and safe return to work, and positive outcomes for accident prevention and disability management. This includes a more flexible approach to returning injured workers to suitable employment or business. Instead of determining whether an injured worker is capable of a particular job, the teams take a more creative approach, looking at skill sets and working with both employers and workers to reach the best outcome. The focus on this will continue through 2000 and beyond.



Health Care Initiative

In 1999, we launched an ambitious initiative: the Health Care Model. This model will fundamentally redesign the way we purchase health care services for workers. Health care is an important component in providing service to injured and ill workers and the WSIB wants to maximize the quality of the health care provided. The proposed Health Care Model is based on three principles:

- Quality care must be a priority in purchasing health care services;-
- Health care provided to workers should reflect clinical evidence and follow best practice guidelines, as appropriate and available; and
- Provider fees must be commensurate with health outcomes achieved.

A health care model discussion paper was developed, outlining an approach to all aspects of purchasing health services. In addition to being posted on the WSIB Web site, the discussion paper was distributed to health professional associations and regulatory colleges, as well as to employer and worker representative organizations.

Addressing Occupational Disease

The Occupational Disease Response Strategy will focus resources where an occupational disease affects a community, a company, or workers and their families. This will allow the WSIB to provide timely and fair compensation to workers and their families as well as facilitating community-based support through outreach activities.

Beginning in 1998 and continuing through 1999, the WSIB has worked diligently with workers, employers, labour unions and community representatives in Sarnia where there are issues concerning exposure to asbestos and fibreglass. This is the first major initiative in our Occupational Disease Response Strategy.

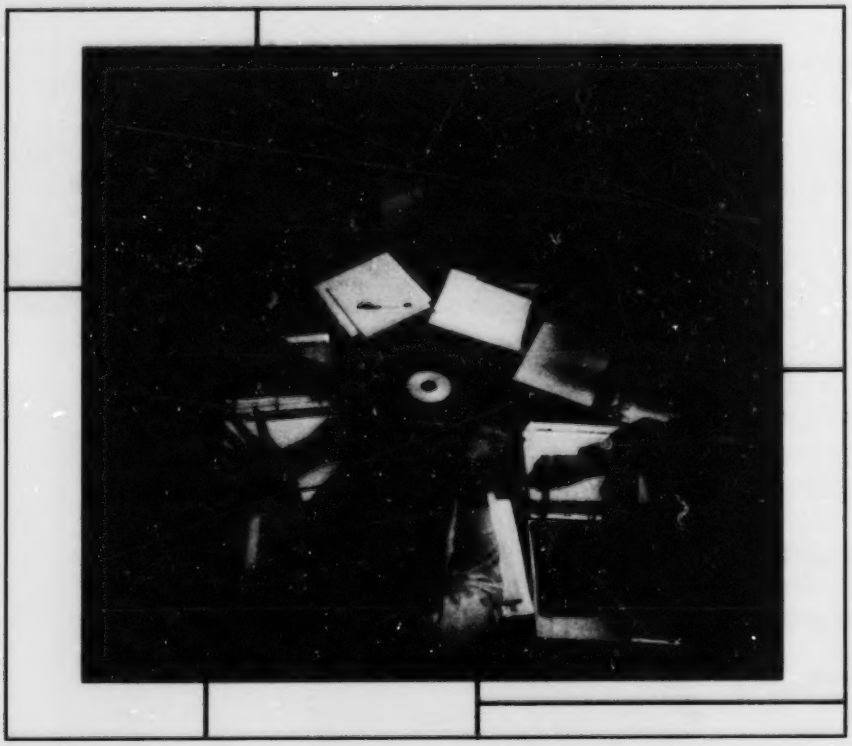
www.wsib.on.ca

The Agile Organization

The final initiative is the major enabler to drive the other four. Called The Agility Program, it is a five-year program to redesign all our major business processes and technological systems. This program is essential because our business processes and technology systems at the WSIB are outdated and not fully integrated.

The Discovery phase of this program, developed in 1999, assessed our current business processes and systems, and identified that the market is likely to be able to respond to the needs of the WSIB. Our objective is to enable the transformation in health and safety, financial security and customer service and create the tools for success in these areas.

FINANCIAL RESPONSIBILITY



Workers, injured workers and employers deserve a Workplace Safety and Insurance Board that is well managed and financially sound and stable. We will continue to protect the financial viability of the system for the workers, injured workers and employers of Ontario.

A healthy economy and sound financial practices contributed to the continuation of successful results for 1999. The unfunded liability, the difference between the WSIB's total liability as it exists today and the value of its assets, decreased to $6.4 billion. That is remarkable considering the unfunded liability stood at $10.4 billion in 1996. In 1999, at the same time as decreasing the unfunded liability, we also lowered the average premium rate by 6.6 per cent to $2.42. This is the third consecutive decrease in the average premium rate and compares to a rate of $3.00 for 1996 – a reduction of 19.3 per cent.

The WSIB Insurance Fund provides a reserve to fund benefit payments to injured workers. This broadly diversified fund produced a 12.8 per cent return on market value in 1999, a fifth consecutive year of double-digit returns. There was also a continuation of a good performance in the value of the WSIB's investments, which rose from $8.6 billion in 1998 to $9.6 billion.

Each business unit at the WSIB is committed to playing its role in keeping the system financially accountable. One in particular is designed specifically to address the issue of non-compliance and fraud. The Special Investigations Branch (SIB) works to ensure the integrity and credibility of the system as well as improving compliance by everyone who is part of the system: employers, workers, providers and WSIB staff. In 1999, the SIB received 2,853 calls to its anonymous 24-hour Action Line and laid a total of 642 charges.

Throughout 1999, WSIB staff, management and Board of Directors worked diligently addressing complex issues, all the while focused on a vision of eliminating injury and illness.

For 2000 and beyond, our future is about continuing to align our work with the needs of workers, injured workers, employers, and health providers.

PUBLIC SECTOR SALARY DISCLOSURE 99

Name	Position	Taxable Earnings	Benefits	Total Earnings
Abrams, Brenda E.	Legal Counsel 2	$101,611	$178	$101,789
Achar, Ramach Andro	Medical Consultant	$107,511	$99	$107,610
Adamo, Valerie	VP Info Svcs & CIO	$152,769	$181	$152,950
Allingham, R.	Dir Research & Evaluation	$103,412	$184	$103,596
Anstey, Calvin	Dir Transportation Sctr	$100,603	$181	$100,784
Argue, R J	Dir Application Dev	$110,720	$162	$110,882
Aronshtam, M.	Medical Consultant	$112,545	$169	$112,714
Arvisais, J.	Medical Consultant	$116,750	$169	$116,919
Belanger, Adele Marie	Legal Counsel 2	$104,995	$187	$105,182
Bell, Susan	Dir CCP	$107,282	$159	$107,441
Bishop, M.	Medical Consultant	$113,857	$169	$114,026
Boga, Amiroli	Medical Consultant	$111,245	$158	$111,403
Bowman, Leslie	Medical Consultant	$122,582	$174	$122,756
Brown, Elizabeth	Legal Counsel 2	$104,915	$187	$105,102
Burton, Neil	Dir Client Svcs Div	$110,106	$186	$110,292
Conlfie, George	Medical Consultant	$122,700	$212	$122,912
Chain, Marybelle	Medical Consultant	$113,351	$196	$113,547
Chan, T.	VP Finance & CFO	$169,662	$186	$169,848
Colaco, C	Medical Consultant	$122,582	$174	$122,756
Coutinho, Jude	Assoc Dir/Physician	$108,031	$190	$108,221
Cude, Beverley	Dir Technolody Svcs	$113,653	$186	$113,839
David, Lowrence	Medical Consultant	$111,634	$193	$111,827
De Demeter, Damit	Medical Consultant	$122,582	$174	$122,756
De Domenico, Ivan J.	Medical Consultant	$114,489	$162	$114,651
Difranco, Joe	Sr Spec Technology Svcs	$100,725	$146	$100,871
Diaso, Rosario	Project Manager csd	$104,838	$151	$104,989
Djan, P A.	Medical Consultant	$105,658	$188	$105,846
Douglas, Colin J.	Legal Counsel 2	$104,930	$187	$105,117
Douglas, Richard Alexander	Dir Employee Relations	$120,396	$201	$120,597
Dsouza, I	Medical Consultant	$108,304	$166	$108,470
Dudley, John	Assoc Dir/Physician	$120,160	$137	$120,297
Flynn, Miriam E.	Legal Counsel 2	$103,099	$181	$103,280
Frame, J D	Legal Counsel 2	$104,758	$163	$104,921
Garg, S. K.	Medical Consultant	$112,438	$199	$112,637
Geary, Judy	GM CCP & Spec Claims Svcs	$144,122	$292	$144,414
Germansky, Martin	Medical Consultant	$113,682	$199	$113,881
Gibbs, Henry	VP Investments	$228,613	$196	$228,809
Gregoire, J	Chief Actuary	$181,599	$245	$181,844
Hadijski, Anna	Medical Consultant	$122,582	$202	$122,784
Hall, Nick M.	Dir Automotive Sctr	$101,186	$181	$101,367
Hawkins, Adam J.	Dir Realty Invest	$108,740	$158	$108,898
Heckadon, Robert	Assoc Dir/Physician	$138,961	$0	$138,961
Hickman, Robert	Medical Consultant	$109,871	$193	$110,064
Ho Kim, Thu Lan	Medical Consultant	$106,806	$189	$106,995
Ho, Michael	Medical Consultant	$122,582	$174	$122,756
Holyoke, Paul	General Counsel	$170,173	$242	$170,415
Horseman, Brock C.	Sr VP Operations	$257,238	$252	$257,490
Hubbard, Dean James	Dir IS Support Svcs	$101,594	$175	$101,769
Jolley, Linda	VP Policy & Research	$165,679	$234	$165,913
Jones, Derek	Medical Consultant	$105,280	$189	$105,469
Kandiec, Andrew D.	Assoc Dir/Physician	$135,217	$145	$135,362
Karr, A. Wm.	Medical Consultant	$113,750	$169	$113,919
Kelly, J. Brian	Assoc Dir/Physician	$140,540	$145	$140,685
Kosmidis, E	Legal Counsel 2	$104,995	$187	$105,182
Kwong, P Y	Project Manager CSD	$120,302	$159	$120,461
Lamanna, Pat	Dir Small Business	$101,948	$161	$102,109
Lamoureux, Linda	Dir Special Invest'n	$128,167	$218	$128,385
Leshchyshyn, D	Dir Ind Sctr Construction	$102,571	$183	$102,754
Lewis, D	Dir Application Dev	$108,508	$186	$108,694
Londry, D	Dir Corp Information Ctr	$117,086	$162	$117,248
Lorrie-Monette, Francine	Medical Consultant	$111,261	$96	$111,357
Lovelock, Ronald	Dir Prevention Svcs	$102,204	$190	$102,394
Luck, M	Dir Svcs Sctr	$102,949	$288	$103,237
Macarthur, A.	Medical Consultant	$122,582	$212	$122,794
Macri, Joseph	Project Manager CSD	$102,792	$157	$102,949
Maehle, Waldemar	Medical Consultant	$105,768	$188	$105,956
Malayil, Ammini	Medical Consultant	$122,582	$174	$122,756
Mastrilli, Arcangelo	Medical Consultant	$112,438	$169	$112,607
McAdam, Roberta	Dir Revenue Audit Svcs	$101,766	$242	$102,008
McDonald, Patrick J.	Medical Consultant	$106,529	$189	$106,718
McKenna-Boot, Patricia	Medical Consultant	$105,589	$188	$105,777
McMurtrie, Robert	Dir Accounting	$109,429	$155	$109,584
Mitchell, William	Dir Application Dev	$126,076	$162	$126,238
Morden, Donald Lowrence	VP Human Resources	$115,269	$153	$115,422
Mould, Roy	VP Prevention	$144,666	$213	$144,879
Nur, N S	Sr Spec Database	$112,806	$146	$112,952
Poirvin, Catherine	Dir Clinical Resources	$141,089	$185	$141,274
Prichett, B	Medical Consultant	$113,750	$169	$113,919
Roy, Marie	Medical Consultant	$118,637	$172	$118,809
Schofield, Michel	Phys Coord/Spec Clinics	$140,540	$236	$140,776
Seville, Michelle	Project Manager CSD	$117,499	$149	$117,648
Shapiro, G	Medical Consultant	$113,682	$169	$113,851
Sherwin, Linda	Medical Consultant	$105,669	$164	$105,833
Simmons, Wayne B.	Dir Bonds & Money Mkt	$171,402	$181	$171,583
Siu, Christina	Project Manager CSD	$102,915	$153	$103,068
Slinger, J T	Dir Appeals	$113,054	$192	$113,246
Sooknanan, A.	Project Manager CSD	$102,077	$151	$102,228
Stasila, Dave	Board Auditor	$119,877	$205	$120,082
Sutherland, Doris	Medical Consultant	$122,582	$174	$122,756
Taraschuk, Ihor	Medical Consultant	$105,795	$186	$105,981
Thakur, Ranasree	Medical Consultant	$122,516	$174	$122,690
Thomas, Roy E	VP Communications	$110,000	$158	$110,158
Thomson, Garry	GM Industry Sector	$143,008	$205	$143,213
Todorovic, Slavica	Dir Benefits Policy	$105,045	$156	$105,201
Walker, John	Medical Consultant	$113,741	$199	$113,940
Weatherbee, Wayne	GM Small Business Svcs	$143,364	$176	$143,540
Welton, I	Dir Rev Policy	$113,071	$162	$113,233
Williams, David	President & CEO	$772,400	$463	$772,863
Yeung, Ka Sing	Sr Policy Analyst EPID	$103,620	$83	$103,703

** The amount shown as earnings in this disclosure statement may not represent the individual's actual annual rate of salary. The earnings required to be made public under the *Public Sector Salary Disclosure Act, 1996* reflect the amount reported to Revenue Canada on the employer's T4 slip for an employee. The earnings shown in this statement may therefore include non-recurring payments in 1999 for retroactive pay from a reclassification or a grievance settlement or a payout upon retirement. The earnings shown may be less than the individual's annual rate of salary if the individual worked only part of the year.

MANAGEMENT DISCUSSION & ANALYSIS

1999 In Review

In 1999 the WSIB continued to focus on its initiatives to promote health and safety in the workplace and to support injured workers. Work progressed on year two of the five year strategic plan and on the business model that sets the direction of the WSIB into the year 2000 and beyond.

At the divisional level, front-line service areas of the Operations and the Health Services Divisions underwent significant changes. The primary focus was the implementation of the new Service Delivery Model along with the new Health Care Model, designed to provide efficient customer service to both injured workers and employers of the province.

The Prevention Division, together with the Health and Safety agencies, developed business plans that align with Small Business and Industry Sectors and create a more accountable, co-ordinated, and efficient prevention system. During the year, to raise public consciousness of workplace health and safety, the WSIB launched a social awareness campaign via television, radio, and newspapers to highlight the importance of preventing workplace injuries and illnesses. This campaign was successful in raising prevention awareness across Ontario.

With staff needs for technological tools and more information, and with meeting customer and client service expectations becoming increasingly critical to the achievement of the goals of the five-year strategic plan, the WSIB recognised the need to improve the information technology resources available. Development of a plan designed to identify the tools needed by the WSIB began in 1998 and was approved by the Board of Directors six months later. This plan, named the "Agility Program," will transform WSIB business processes and computer systems over the next five years. The Agility Program has completed the "discovery" phase of assessing existing processes and systems.

Responsible for managing Ontario's workplace safety and insurance system, the WSIB has taken significant steps towards ensuring its fiscal responsibility and accountability. The funding strategy aimed at eliminating the unfunded liability by the year 2014 is progressing well. This strategy ensures that a significant portion of employer premiums are used to increase assets to be set against the liabilities of the WSIB so that liabilities are fully funded by 2014. The strategy also requires that premiums for all rate groups be set at the "full target level for the group," that is, the level required to cover the full costs of new claims, including the future costs of administering these claims, overhead expenses and unfunded liability charges.

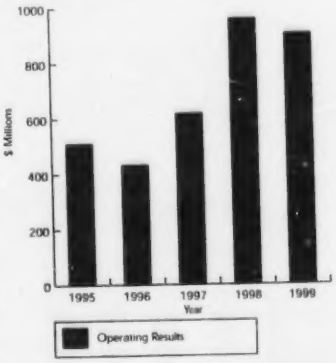
In 1999 the WSIB achieved an excess of revenues over expenses for the sixth consecutive year. For the year, the excess of revenues over expenses was $904 million

(1998: $959 million), due primarily to higher investment revenues in 1999 ($68 million higher than in 1998) and an increase in the premiums earned of $116 million. These improvements were offset by an increase in benefit costs of $168 million. The year over year financial highlights are illustrated below:

($ Millions)	1999	1998	Increase/ (Decrease)	Increase/ (Decrease) %
Excess of Revenues over Expenses	$ 904	$ 959	$ (55)	(5.7)
Revenues				
Premiums	2,768	2,652	116	4.4
Investment Income	1,065	997	68	6.8
Expenses				
Benefit Costs	2,397	2,229	168	7.5
Administrative & Other	387	335	52	15.5
Assets				
Investments	9,552	8,607	945	11.0
Liabilities				
Benefit Liabilities	15,735	15,600	135	0.9
Unfunded Liability	$ 6,402	$ 7,098	$ (696)	(9.8)
Funding Ratio	62.1%	56.8%	5.3%	9.3

The financial results for the last five years are provided below:

Excess of Revenues over Expenses



NOTE: For comparison purposes, to exclude the onetime impact of changes legislated by Bill 99, $1,785 million has been removed from the excess of revenues over expenses for 1997.

Statement of Operations

Revenues

Premium Revenue

Premiums are charged to Schedule 1 employers to cover the cost of the current year's claims including the future cost of administering these claims and overhead expenses. Schedule 1 employers also have a component built into their premium rate that contributes towards the reduction of the WSIB's unfunded liability. To set premium rates, the WSIB follows insurance principles and organizes employers into classes and rate groups, based on similarity of business activity and associated injury risks.

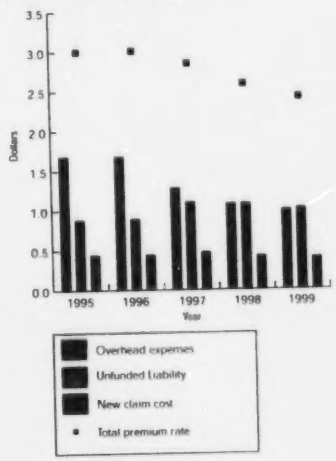
The 1999 average Schedule 1 premium rate was $2.42 per $100 of assessable payroll, a decrease of 6.6 per cent from the average rate of $2.59 in 1998. 1999 was the third year in a row that the average premium rate paid by employers has been lowered. The largest decreases in premium rates were in industries where accident performance had improved the most.

Schedule 2 employers are individually liable for the benefits under the *Workplace Safety and Insurance Act, 1997*, with respect to the workers employed. Reimbursements for claims paid and the cost of administering the claims are included in the total premium revenues of the WSIB.

As a result of Ontario's strong economic growth, the total payroll of Schedule 1 employers increased to $101.7 billion, an increase of $5.5 billion or 5.7 per cent from 1998 ($96.2 billion).

Total premium revenue amounted to $2,768 million in 1999, an increase of $116 million or 4.4 per cent compared to the preceding year. The portion of premiums charged to retire the unfunded liability increased by $131 million year over year to $1,061 million. The unfunded liability component included in the 1999 average premium rate was increased to $1.02 compared to $1.00 in 1998, an increase of 2.0 per cent.

Premium Rate Components



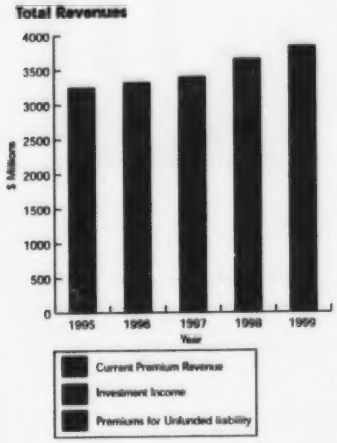
The current component of the average premium rate for 1999 was reduced to $1.40 compared to $1.59 in 1998, a decrease of 11.9 per cent. As a result, Schedule 1 premiums to fund current WSIB operations decreased by $90 million to $1,454 million (1998: $1,544 million).

As a result of implementing refinements to the rate-setting model, the provision required for net experience rating refunds was the lowest since 1992. In addition there was an increase in penalties charged and a reduction in the bad debt provision due to improvements in collection efforts; these improvements, however, did not offset the decrease in current Schedule 1 premiums.

Premium revenue from Schedule 2 (self-insured) employers totalled $255 million, an increase of $7 million from 1998.

The schedule below shows premium revenue by category:

The following table shows total revenues by type for the last five years:



Premium Revenue For the year ended December 31, 1999 ($ Millions)	1999	1998	Increase/ (Decrease)	Increase/ (Decrease) %
Schedule 1				
Current premiums	$1,454	$1,544	$ (90)	(5.8)
Experience Rating net refunds	(90)	(125)	35	28.0
Interest, penalties and bad debts	88	55	33	60.0
	1,452	**1,474**	**(22)**	**(1.5)**
Schedule 2 (Self-insurers)	255	248	7	2.8
Total current premiums	**1,707**	**1,722**	**(15)**	**(0.9)**
Premiums for unfunded liability	1,061	930	131	14.1
Total premium revenue	**$2,768**	**$2,652**	**$116**	**4.4**

Investment Revenue

Investment revenue rose 6.8 per cent and totalled $1,065 million in 1999, an increase of $68 million year over year. This was due primarily to higher realized and unrealized gains on equities resulting from the recovery of the equity markets during 1999, particularly in the technology and telecommunication sectors. In 1999, $706 million (1998: $612 million) of realized and unrealized net gains were amortized to investment revenue. The Insurance Fund provided a return of 10.2 percentage points above inflation for the year. The schedule below provides the revenue by category:

Revenue by category of investment: ($ Millions)	1999	1998
Bonds	$ 262	$ 275
Equities	797	725
Short-term securities	4	2
	1,063	**1,002**
Injured Workers' Retirement Fund	23	15
Investment expenses	(21)	(20)
Investment revenue	**$ 1,065**	**$ 997**

Investment expenses are related to the total market value of the funds, which increased by $1,266 million to $12,022 million (1998: $10,756 million). In line with this improvement, investment expenses increased by $1 million, to $21 million (1998: $20 million).

Expenses:

Benefit Costs

Both benefit liabilities and benefit costs are affected by factors such as changes in legislation, adjudication policies and practices, effectiveness of health care and return to work programs, and economic conditions.

Total benefit costs, excluding the net increase in the Injured Workers' Retirement Fund, amounted to $2,338 million in 1999, $161 million more than recorded in 1998, primarily due to current year's claims experience and implementation of a specific provision for future administration costs associated with existing claims, partially offset by the net impact of actuarial assumption changes.

Overall, benefit payments made in 1999 were $2,203 million, $59 million less than in 1998. The decrease was mainly due to a decrease in the total amount paid in survivor benefits.

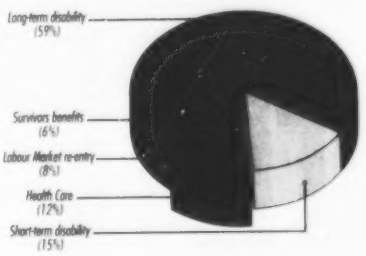
Total long-term disability payments, excluding payments from the Injured Workers' Retirement Fund, remained unchanged at $1,307 million. Labour market re-entry payments decreased as a result of income support expenses being paid under a different category. These payments were reported as short-term disability in 1999. Consequently, short term disability payments were $51 million higher than in 1998.

Health care payments were $26 million higher in 1999 partly due to an increase in the schedule of fees for health care providers. Health care fees for speech language therapy and occupational therapy increased by 18.9 per cent in 1999, the first fee increase for these categories of treatment since 1989. The range of increases for all other health care activities was 0.3 per cent to 4.6 per cent in 1999.

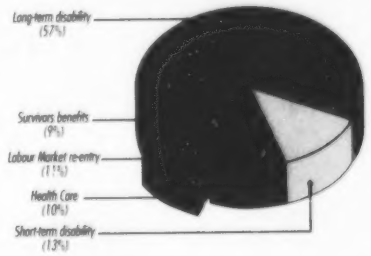
Compared to 1998, payments made for survivor benefits decreased by $72 million as fewer Bill 99 reinstatements of spousal benefits were made in 1999 ($12 million) compared to 1998 ($89 million). The majority of spousal benefit reinstatements required under Bill 99 were requested and paid in 1998.

Reflecting the WSIB's commitment to financial security for its customers and clients, for the first time a provision of $820 million has been included in benefit liabilities for future costs of administering existing claims calculated at 5.5 per cent of the actuarially determined benefit liabilities. There were also changes in the long-term economic assumptions used in the actuarial valuation. As a result, overall benefit liabilities increased by $135 million in 1999, compared to an $85 million decrease in 1998. The changes are noted below.

1999 – Benefit Costs paid



1998 – Benefit Costs paid

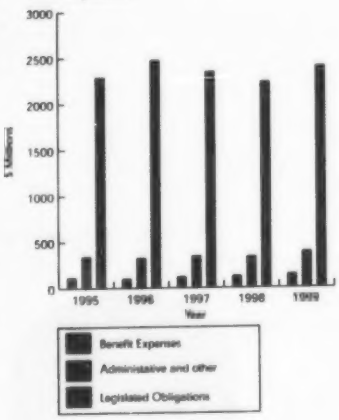


Change in the Benefits Liability
For the year ended December 31, 1999
($ Millions)

	1999	1998	Increase/ (Decrease)	Increase/ (Decrease) %
Benefit costs	$2,293	$2,177	$116	5.3
Major changes in actuarial assumptions	(775)	–	(775)	(100)
Provision for future claim administration costs	820	–	820	100
Total benefit costs (excluding net increase in IWRF)	**2,338**	**2,177**	**161**	**7.4**
Benefit costs paid	(2,203)	(2,262)	59	2.6
Net increase/(decrease) in benefit liabilities	**135**	**(85)**	**220**	**258.8**
Benefit liabilities, January 1	15,600	15,685	(85)	(0.5)
Benefit liabilities, December 31	**$15,735**	**$15,600**	**$135**	**0.9**

The following table shows total expenses by type for the last five years:

Total Expenses



Administrative and Other Expenses

There was a year over year increase in administrative expenses of $52 million resulting in total expenses of $387 million in 1999 (1998: $335 million). The increased costs are primarily due to higher employee benefit expenses ($16 million increase from 1998) that arose from a change in accounting policy based on the new CICA accounting standard related to employee future benefit costs, as well as one time charges for additional consultant expenses ($18 million increase from 1998) and equipment costs ($8 million increase from 1998) that were incurred due to the need to address the year 2000 computer system issue.

In addition, salary and fringe benefit costs were $16 million higher than 1998 as the number of WSIB employees increased compared to the previous year due to planned implementation of new service improvement initiatives. Salary increments also increased these costs.

Legislated Obligations and Commitments

In 1999 legislated obligations and commitment funding amounted to $145 million, an increase of $19 million or 15.1 per cent from 1998. The increased costs were due to additional funding of $7 million for the Safe Workplace Associations which provide injury and illness prevention services for Ontario's workplaces; an $8 million increase in funding for the *Occupational Health and Safety Act* program as legislated by the Government of Ontario and an increase of $4 million for grants provided for prevention and health services initiatives.

Balance Sheet

Unfunded Liability

The reduction of the unfunded liability continued in 1999 and the WSIB remains on target to eliminate the unfunded liability by 2014. In 1999, total assets increased by $1,141 million (12.2 per cent) to $10,479 million, while total liabilities increased by $445 million (2.7 per cent) to $16,881 million. The unfunded liability of $7,098 million at the beginning of the year was increased by $208 million due to the change in accounting policy based on the new CICA accounting standard resulting in a balance of $7,306 million at January 1, 1999. The excess of revenues over expenses of $904 million were applied to the unfunded liability which stood at $6,402 million at December 31, 1999 ($7,098 million in 1998).

Unfunded Liability: ($ Millions)	1999	1998
Unfunded Liability at beginning of the year	$7,098	$8,057
Adjustment due to change in accounting policy	$208	$0
Adjusted balance	**$7,306**	**$8,057**
Less excess of revenues over expenses applied to Unfunded liability	$904	$959
Unfunded Liability at end of year	**$6,402**	**$7,098**

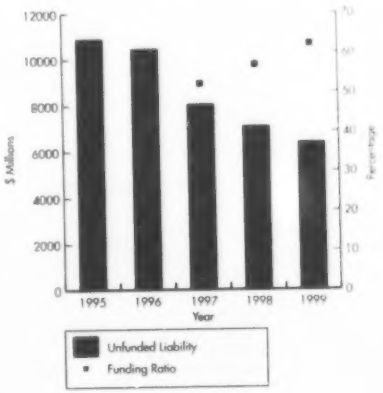
The funding ratio at the end of 1999 was 62.1 per cent compared to 56.8 per cent at the end of 1998. The reduction in the unfunded liability is $4,490 million since 1995 when the funding ratio was 40.0 per cent. This improvement represents a 55.3 per cent improvement in the funding ratio compared to 1995.

Sensitivity of Actuarial Assumptions

The actuarial assumption most susceptible to change is the investment return. The investment return assumption was revised in 1999, as well as the inflation rate, to reflect long-term economic trends, adjusted for recent experience. The approximate impact of a half-percent increase in the assumed future rate of investment income would be to reduce the benefit liabilities by $625 million. A reduction of one per cent in the assumed long-term inflation rate from 4 per cent to 3 per cent and consequent changes in the real investment return assumptions from 3 per cent to 4 per cent per annum with respect to fully indexed benefits and from 6 per cent to 6.5 per cent per annum with respect to partially indexed benefits would decrease the benefit liabilities by $775 million.

The following table shows Unfunded Liability and Funding Ratio for the last five years:

Unfunded Liability & Funding Ratio



Investments

The WSIB's Insurance Fund funds benefit payments to injured workers. The investments of this Fund comprise a broadly diversified portfolio of shares in high-grade bonds, commercial real estate and cash and short term investments invested in Canada, the U.S.A and abroad.

The Statement of Investment Policy and Goals ("SIP&G") sets out the policies and principles employed in the selection of investments for the Fund. Further, the SIP&G defines a prudently diversified asset mix which is appropriate to the needs and objectives of the Fund, taking into account the nature of its liabilities and obligations, as well as investment return prospects and risks associated with alternative investment policies. In addition, the SIP&G defines the management structure and procedures to be utilized in the ongoing prudent and effective management of the Fund. The provisions of the SIP&G require that it be reviewed no less frequently than annually by the Board of Directors, and such review took place in November 1999.

The selection of investments and investment managers for the Fund is made with consideration given to the overall context of the investment portfolio in order to achieve a reasonable expectation of fair return or appreciation, given the nature of the investment, without exposure to an undue risk of loss or impairment.

The inflation-related investment return objective of the Fund, as amended in 1999, is to achieve a total annualized "real" rate of return – the return which exceeds the prevailing rate of inflation – of at least 4 per cent on average over the long term. This objective incorporates an increase of 1 per cent from that of prior years.

In general, world economies were buoyant in 1999, defying the contraction/recession scenario forecast in the wake of 1998's economic woes in Asia. In Canada, the economy expanded strongly on increased export demand and improved consumer confidence. GDP rose an estimated 3.8 per cent while inflation and unemployment fell and key commodity prices surged. The sole negative was a rise in interest rates, principally in response to the U.S. Federal Reserve and Bank of Canada actions taken to head off inflationary pressures from the buoyant economy.

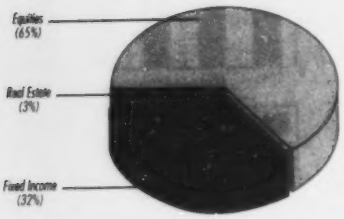
On the face of it, the Canadian stock market appeared to flourish in 1999, with the TSE 300 Index recording a spectacular 31.7 per cent gain, ranking it among the top performing markets in the world. This advance was extremely narrowly based however, as two stocks – BCE Inc. and Nortel Networks - accounted for over 70 per cent of the index's rise. Excluding these two issues, the balance of the index recorded a modest 8.8 per cent gain for the year.

Internationally, the U.S. S&P 500 Index marked a rewarding 14.1 per cent increase, continuing its prolonged record of excellent returns. Unusually, this lagged behind other world markets as the MSCI Europe, Australia and Far East ("EAFE") Index returned a healthy 19.7 per cent (CAD). However, the big story for world equity markets in 1999 was the spectacular performance of the technology-laden NASDAQ index, which gained over 75 per cent (CAD) on the year, leading the explosion of "technology" issue prices worldwide.

The WSIB Insurance Fund produced a 12.8 per cent return on market value in 1999, the fifth consecutive year of double-digit returns. On an annualized basis, the Fund's return on market exceeds 12 per cent for all periods up to and including nine years, and 11.8 per cent over 10 years, as indicated in the table below.

(Per cent)	One Year	Three Years	Five Years	Ten Years
Insurance Fund return	12.8	13.5	15.1	11.8
Return above inflation	10.2	12.1	13.5	9.7

1999 – Asset Mix



The market value of the Insurance Fund was $11,986 million at December 31, 1999, an increase of $1,282 million on the year. The asset mix of the Fund at December 31, 1999 based on market value is shown to the left.

Cash Flow

As a result of the excess of benefit and overhead payments over premium revenues, there was a cash shortfall from current operations of $182 million (1998 $276 million). To meet this shortfall, $255 million was transferred (1998: $286 million) from the investment portfolio of the Insurance Fund.

Cash received from current premiums decreased by $22 million year over year. The decrease is primarily due to the reduction in the current component of the average premium rate to $1.40 in 1999 from $1.59 in 1998.

Although the average premium rate was reduced by 6.6 per cent compared to 1998, the unfunded liability component of the premium rate was increased from $1.00 to $1.02 resulting in an increase of $120 million in cash received from unfunded liability premiums.

Allowed Lost-Time Claims

The number of allowed lost-time injuries for accidents registered for 1999 increased by 3.6 per cent compared to 1998. Lost-time injuries by industry sector registered for 1999 and 1998 are presented in the table on the next page.

Allowed lost-time injuries registered for 1999 and 1998 by Industry Sectors

Lost-time Injuries	1999	1998	Increase/ (Decrease)	Increase/ (Decrease) %
Agriculture	1,574	1,626	(52)	(3.2)
Automotive	6,753	6,338	415	6.5
Chemical/Process	2,417	2,296	121	5.3
Construction	4,990	4,869	121	2.5
Education	961	1,127	(166)	(14.7)
Electrical	390	455	(65)	(14.3)
Food	3,224	3,283	(59)	(1.8)
Forestry	954	835	119	14.2
Health Care	7,033	7,066	(33)	(0.5)
Manufacturing	21,156	20,038	1,118	5.6
Mining	508	524	(16)	(3.1)
Municipal	1,033	1,088	(55)	(5.1)
Pulp & Paper	362	330	32	9.7
Services	24,613	24,144	469	1.9
Steel	1,522	1,499	23	1.5
Transportation	8,320	7,906	414	5.2
Schedule 2	14,916	13,766	1,150	8.3
Total	100,726	97,190	3,536	3.6

The Year 2000 Issue

Like most organizations worldwide, the WSIB made the initial transition to the year 2000 successfully without any interruption of its services. At a project cost of $57.3 million that included capital costs incurred over four years, the year 2000 remediation was a major undertaking for the WSIB. Because the Y2K threat was dealt with forcefully, the threats it posed did not materialize and thus the extent of disruption it could have caused to the operation of the WSIB will never be known.

Considering the risks to the WSIB that the year 2000 rollover posed, the results justified the expenditure incurred in 1999 of $26 million ($8 million in 1998) for remediation of the systems. Although the change in date has occurred, it is not possible to conclude that all aspects of the year 2000 issue affecting the WSIB, including those related to the efforts of its customers, suppliers, or other third parties, have been fully resolved. The WSIB will continue to monitor its systems output for the remainder of the year 2000 to ensure that there are no service disruptions.

2000 Outlook

In 2000, the Ontario economy is expected to continue to produce strong growth in employment opportunities. The growth rate of Ontario industry is projected at 3.4 per cent, with the manufacturing, retail and wholesale and construction sectors leading. Employment gains in 2000 should be widespread, with significant gains expected in the consumer-related retail, wholesale and transportation services. The growth in employment will be led by the automotive industry. On average, hourly wages are expected to increase by 2.2 per cent.

For the WSIB, the impact of this forecast is the continuation of a period of stability for premium revenues; the impact of declining premium rates will be partly offset by an increase in the total amount of assessable payroll.

The current level of stock markets suggests 2000 may be a year of considerable volatility. In this context, the WSIB has made conservative projections, which would seem appropriate at this time.

Financial performance is expected to remain positive. The funding ratio at the end of 2000 is expected to increase at the same pace as in 1999 and may exceed 66 per cent, the highest level since 1981 and in line with the unfunded liability strategy.

In 2000 the WSIB will continue to focus on three imperatives:

- Health and Safety – The WSIB will be the catalyst in the creation of the healthiest and safest workplaces in the world.
- Customer/Client Satisfaction – The WSIB will provide services and products in a manner that anticipates and responds fully to the needs of workplace parties.
- Financial Security – The WSIB will be financially secure in order to meet all its obligations to its customers and clients.

The WSIB has set its course upon an ambitious business transformation and is firmly committed to making the fundamental changes that are necessary to ensure that its focus is on its customers and clients, that its processes are cost effective and efficient, and that it is a financially secure organization providing the comprehensive range of products and services needed by Ontario workers and employers to achieve the healthiest and safest workplaces in the world.

BALANCE SHEET

December 31, 1999 ($ millions)	1999	1998
ASSETS		
Cash and cash equivalents	$ –	$ 61
Receivables	320	143
Investments (note 3)	9,552	8,607
Injured Workers' Retirement Fund (note 4)	332	273
Capital and other assets (note 5)	275	254
	$ 10,479	$ 9,338
LIABILITIES		
Payables and accruals	$ 516	$ 489
Mortgage payable (note 6)	74	74
Injured Workers' Retirement Fund (note 4)	332	273
Employee future benefit liability (note 11)	224	–
Benefit liabilities (note 7)	15,735	15,600
	16,881	16,436
UNFUNDED LIABILITY	(6,402)	(7,098)
	$ 10,479	$ 9,338

On behalf of the Board of Directors:

Glen Wright, Chair
Director

Eileen Mercier,
Director

The accompanying notes form an integral part of the financial statements.

STATEMENT OF OPERATIONS & UNFUNDED LIABILITY

For the Year Ended December 31, 1999 ($ millions)	1999	1998
CURRENT OPERATIONS		
REVENUES		
Premiums for current year	$ 1,707	$ 1,722
Investments (note 3)	1,065	997
	2,772	2,719
EXPENSES		
Benefit costs (note 7)	2,338	2,177
Net increase in the Injured Workers' Retirement Fund (note 4)	59	52
Administrative and other (note 9)	387	335
Legislated obligations and commitments (note 10)	145	126
	2,929	2,690
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES FROM CURRENT OPERATIONS	(157)	29
Premiums for unfunded liability	1,061	930
EXCESS OF REVENUES OVER EXPENSES APPLIED TO REDUCE THE UNFUNDED LIABILITY	904	959
Unfunded liability, beginning of year	7,098	8,057
Change in accounting policy (note 11)	208	–
Unfunded liability, end of year	$ 6,402	$ 7,098

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 1999 ($ millions)	1999		1998	
INVESTING CASH FLOWS				
Investment income	$ 411		$ 445	
Sale of investments	4,253		2,851	
Purchase of investments	(4,543)		(2,872)	
Net cash provided by investing activities		$ 121		$ 424
OPERATING CASH FLOWS				
Current Operations				
Cash received from:				
Current premiums	$ 1,618		$ 1,640	
Cash paid to:				
Claimants, survivors and care providers	(2,203)		(2,262)	
Injured Workers' Retirement Fund	(63)		(52)	
Employees and suppliers for administrative goods and services	(396)		(363)	
Others under legislated obligations & commitments	(143)		(124)	
	(2,805)		(2,801)	
Net cash required by current operations		(1,187)		(1,161)
Cash received from unfunded liability premiums		1,005		885
CASH REQUIRED BY OPERATIONS		(182)		(276)
Increase/(decrease) in cash and cash equivalents		(61)		148
Cash and cash equivalents, beginning of year		61		(87)
Cash and cash equivalents, end of year		$ –		$ 61

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1999

1. NATURE OF OPERATIONS

The Workplace Safety & Insurance Board (WSIB) is a statutory corporation created by an *Act* of the Ontario Legislature in 1914. It is responsible for administering the *Workplace Safety and Insurance Act, 1997*. The WSIB promotes the prevention of injuries and illnesses in Ontario workplaces and provides compensation to workers who sustain injuries arising out of and in the course of employment, or who contract occupational diseases.

The WSIB administers the *Workplace Safety and Insurance Act, 1997*, for two groups of employers, referred to as Schedule 1 and Schedule 2. Schedule 1 relates to services and industries in which employers are insured through "collective liability" and are required to contribute to the WSIB Insurance Fund whereas Schedule 2 relates to employers who are "self-insured" in that they are individually liable. The Federal Government, which is covered under a separate agreement with Human Resources Development Canada, is also treated as a Schedule 2 employer.

The WSIB pays the actual cost of claims for Schedule 2 workers and is reimbursed by those employers for the claims paid, as well as for the cost of prevention activities and administering the claims.

In addition, investment revenue is earned from a diversified investment portfolio held to meet future obligations on existing claims.

The WSIB does not receive government funding or other assistance and raises funds through premium rates being applied to the payrolls of Ontario's Schedule 1 employers covered under the *Workplace Safety and Insurance Act, 1997*. This funding provides compensation to workers or survivors of the workers who are injured in the course of employment or who contract an occupational disease.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

The significant accounting policies are summarized as follows:

Cash and cash equivalents

Cash and cash equivalents are funds consisting of cash and money market instruments with initial maturities up to three months.

Investments

a) Bonds, coupons and mortgages

Bonds, coupons and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments. Realized gains and losses on the sale of bonds, coupons and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

b) Equities and real estate

Equities and real estate are carried at cost adjusted towards fair value, using a five-year moving average market method. Realized gains and losses are deferred and amortized over a four-year period.

c) Short-term securities

Short-term securities consist of money market instruments with maturities between three and twelve months and are carried at cost. Gains and losses from sales are included in income in the year they occur.

d) Foreign currency translation

Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. The cash and cash equivalents are translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

Fair values of investments

Fair values of investments are determined as follows:

Bonds and equities are valued at year-end quoted prices where available. Where quoted prices are not available, estimated fair values are calculated based upon the yields and values of comparable marketable securities.

Short-term notes, treasury bills and term deposits maturing within a year are valued at cost, which together with accrued interest income approximates fair value given the short-term nature of these instruments.

Real estate is valued based on appraised values conducted on a cyclical basis.

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the WSIB's proportionate share of underlying net assets at fair values determined using closing market prices.

Fair value of other financial assets and liabilities

The fair values of other financial assets and liabilities, being cash, receivables, bank indebtedness, payables and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

Injured Workers' Retirement Fund

Investments held in the Injured Workers' Retirement Fund are carried at fair value. Changes in fair values are taken into income of the Injured Workers' Retirement Fund in the year they occur or are realized.

Capital assets and depreciation

Capital assets are stated at cost. Capital assets are depreciated using the straight-line method at rates calculated to expense the cost of assets over their estimated useful lives which, in the case of buildings and equipment, are 20 years and 5 years respectively. Buildings are carried at cost and include development, financing and other costs capitalized prior to becoming fully operational, at which time depreciation commences.

Premium revenue

Under the *Workplace Safety and Insurance Act, 1997*, the Board shall determine the total amount of the premiums to be paid by all Schedule 1 employers with respect to each year in order to maintain the Insurance Fund under this *Act*.

Premium revenue is determined on the basis of estimated and actual payrolls for employers included in Schedule 1 of the *Workplace Safety and Insurance Act, 1997*, adjusted for claim experience where relevant.

Schedule 2 employers are individually liable to pay the benefits under the *Workplace Safety and Insurance Act, 1997*, with respect to the workers employed. Reimbursements for claims paid and cost of administering the claims are included in the premiums of the WSIB.

Premiums for unfunded liability

In advance of the fiscal year, the WSIB notifies Schedule 1 employers of the methods used to calculate these rates, the premiums payable and the payment schedule. Premium rates include a specified component that is applied to reduce the unfunded liability.

Benefit liabilities

The benefit liabilities are determined annually through an actuarial valuation and represent a provision for future payments relating to claims incurred on or before December 31. The provision has been obtained by estimating future benefit payments in accordance with the adjudication practices in effect at December 31, 1999 and is based on legislation enacted January 1, 1998. For the first time, benefit liabilities include a provision for the future costs of administering existing claims estimated at 5.5 per cent of the total benefit liabilities.

The benefit liabilities do not include any provision for payment of claims relating to Schedule 2 employers as they are a liability of Schedule 2 employers.

Benefit liabilities also make no provision for future claims related to occupational diseases and injuries that are not currently considered to be work related.

3. INVESTMENTS AND INVESTMENT REVENUE

The carrying value of investments comprises investments at cost of $10,230 million (1998: $9,597 million) including accrued investment income, plus adjustments towards fair value of $574 million (1998: $447 million), less unamortized net gains realized on the sale of investments of $1,252 million (1998: $1,437 million). Investments by category are as follows:

($ Millions)	1999		1998	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed Income Securities				
Bonds	$ 3,524	$ 3,879	$ 3,181	$ 3,847
Mortgages	2	2	6	6
	3,526	3,881	3,187	3,853
Equities				
Domestic	2,964	3,778	2,638	3,032
Foreign- U.S.	562	1,049	367	919
- Global	2,185	2,961	2,085	2,606
	5,711	7,788	5,090	6,557
Real Estate	235	273	255	271
Short-term Securities				
Money market instruments	7	7	1	1
Accrued investment income	73	73	74	74
	$ 9,552	$ 12,022	$ 8,607	$ 10,756

The WSIB engages in a securities lending program whereby securities are loaned to borrowers, approved by the WSIB and the custodian, for a fee, against high quality collateral. At December 31, 1999, the fair value of securities on loan was $1,816 million (1998: $2,505 million).

Foreign investments are exposed to currency risk. Derivative instruments are used for the sole purpose of hedging foreign currency transactions to better manage and reduce currency risk. Such instruments are valued at year-end market prices. The notional amount of foreign currency contracts hedging investments in foreign currencies totalled $73 million at December 31, 1999 (1998: $321 million). Their related replacement value at year-end was $71 million (1998: $323 million). The contracts mature in the first three months of 2000.

Bonds by term to maturity as at December 31:

($ Millions)	Term to maturity				1999	1998
	Up to 1 year	1 - 5 years	5 - 10 years	Over 10 years	Total	Total
Government bonds						
Carrying value	$4	$1,512	$836	$836	$3,188	$3,080
Fair value	$4	$1,491	$815	$808	$3,118	$3,227
Yield %	5.7	6.1	6.4	6.5	6.3	5.0
Corporate bonds						
Carrying value	$4	$331	$218	$233	$786	$600
Fair value	$5	$323	$211	$222	$761	620
Yield %	5.6	6.6	6.7	6.8	6.7	5.5
Less: Unamortized gain					450	499
Total						
Carrying value					$3,524	$3,181
Fair value					$3,879	$3,847
Yield %					6.4	5.1

The average yield reflects the yield to maturity which is the discount rate that makes the present value of future cash flows of each bond equal to its fair value at December 31.

Revenue by category of investment is as follows:

($ Millions)	1999	1998
Bonds	$ 262	$ 275
Equities	797	725
Short-term securities	4	2
	1,063	1,002
Injured Workers' Retirement Fund	23	15
Investment expenses	(21)	(20)
Investment revenue	$ 1,065	$ 997

In 1999, $706 million (1998: $612 million) of realized and unrealized net gains were amortized to investment revenue.

4. *INJURED WORKERS' RETIREMENT FUND*

Under section 44 of the *Workers' Compensation Act* and Regulations of Ontario, R.S.O. 1990 (which continues to apply to injuries and diseases prior to January 1, 1998) the WSIB sets aside funds equal to 10 per cent of every payment made to injured workers under section 43 of that *Act*. In accordance with the provisions of that *Act*, these funds are segregated from the WSIB's Insurance Fund and are invested to provide for retirement income benefits for injured workers.

Under section 45 of the new *Workplace Safety and Insurance Act, 1997*, effective January 1, 1998, the WSIB set aside 5 per cent rather than 10 per cent of workers' loss of earnings benefits for his/her retirement fund for new claims. The injured workers may choose to contribute a further 5 per cent from their loss of earnings benefits. The amount is set aside only after the worker has received payments for loss of earnings for 12 continuous months. Since the *Workplace Safety and Insurance Act, 1997* took effect January 1, 1998, the 5 per cent set-aside first occurred on January 1, 1999.

The fair value of the fund at December 31 is as follows:

($ Millions)	1999	1998
Cash	$ 4	$ 4
Bonds	117	114
Equities - Domestic	120	91
Foreign Global	61	51
Money market Instruments	28	11
Accrued investment income	2	2
	$ 332	$ 273

In 1999, the net increase in the Injured Workers' Retirement Fund was $59 million (1998: $52 million). This net increase resulted from funds set aside pursuant to section 44 of the *Act* in the amount of $44 million (1998: $44 million) together with $23 million (1998: $15 million) earned on its investments, less $8 million (1998: $7 million) paid as retirement pensions.

Bonds by term to maturity

($ Millions)	Term to maturity					
	Up to 1 year	1 -5 years	5 - 10 years	Over 10 years	1999	1998
Government bonds						
Fair value		$28	$20	$23	$71	$77
Yield %		6.1	6.5	6.5	6.3	5.1
Corporate bonds						
Fair value	$3	$23	$ 6	$14	$46	$37
Yield %	5.9	6.6	7.0	7.3	6.7	7.4
Total						
Fair value					$117	$114
Yield %					6.5	6.4

5. CAPITAL AND OTHER ASSETS

($ Millions)	1999 Cost	1999 Net Book Value	1998 Net Book Value
Buildings and leasehold improvements	$ 211	$ 163	$ 165
Equipment	174	55	32
	385	218	197
Other assets	57	57	57
	$ 442	$ 275	$ 254

Depreciation expense in 1999 was $27 million (1998: $20 million).

6. MORTGAGE PAYABLE

The WSIB is a 75 per cent participant in the co-ownership agreement of its head office building. To partially fund the development and construction of the building, the WSIB entered into a long-term mortgage loan agreement in 1993. The mortgage loan is secured by the building and matures in the year 2015. The interest rate is fixed at 10.25 per cent per annum, compounded semi-annually.

7. BENEFIT LIABILITIES AND BENEFIT COSTS

Benefit liabilities represent an actuarially determined provision for future benefit payments relating to incurred claims which were discounted to present value at the assumed net investment returns as shown below. Estimates of future benefit payments refer to both reported and unreported claims which have arisen from work-related accidents and occupational diseases that occurred on or before December 31, 1999 and are based on the level and nature of entitlement, as prescribed by legislation enacted January 1, 1998, and on adjudication practices in effect at December 31, 1999.

The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

The actuarial present value of future benefit payments reflects long-term estimates of economic and actuarial assumptions and methods, which were based upon past experience, modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of future benefit payments. The following key long-term economic assumptions were used in the actuarial valuation of the benefit liabilities:

Mortality was estimated based on the WSIB's mortality experience of 1991 - 1995 for injured workers and on the Ontario Life Tables adjusted on the basis of WSIB's mortality projections for survivors of deceased workers. Full provision has been made for the effect of future increases in the covered earnings ceiling and indexation of benefits.

Management believes the amount provided for future payments of incurred claims to be adequate. Long-term economic and actuarial assumptions and methods are reviewed annually at December 31 of each year, when independent actuarial valuations are performed. The actuarial cost of claims for reported and unreported work-related accidents that occurred in the year are recorded under benefit costs, together with adjustments, if any, resulting from the continuous review of entitlements, experience, or from changes in legislation, assumptions or methods. Future claims administration costs, provided at 5.5 per cent of the actuarially determined benefit liabilities, are $820 million (1998: nil).

	1999	1998
Inflation rate	3%	4%
Rate of indexation of benefits		
- Fully indexed	3%	4%
- Partially indexed	0.5%	1%
Net investment return		
- Fully indexed	4%	3%
- Partially indexed	6.5%	6%
Wage and health care costs escalation rate	4%	5%

Benefit liabilities provision and benefit costs paid in 1999 were as follows:

($ Millions)	1999								1998
	Long-term Disability	Labour Market Re-entry Income Support	Labour Market Re-entry External Providers	Short-term Disability	Health Care	Survivor Benefits	Claims Administration Costs	Total	Total
Benefit liabilities, Beginning of year	$11,440	$790	$205	$488	$1,271	$1,406	–	$15,600	$15,685
Benefit costs	912	(38)	64	318	238	24	820	2,338	2,177
Benefit costs paid, During the year									
- Schedule 1	(1,197)	(123)	(43)	(286)	(229)	(108)	–	(1,986)	(2,045)
- Schedule 2	(110)	(10)	(2)	(47)	(26)	(14)	–	(209)	(210)
- Injured Workers' Retirement Fund	(8)	–	–	–	–	–	–	(8)	(7)
	(1,315)	(133)	(45)	(333)	(255)	(122)	–	(2,203)	($2,262)
Benefit liabilities, End of year	$11,037	$619	$224	$473	$1,254	$1,308	$820	$15,735	$15,600

Benefit costs paid include the following:

($ Millions)	Schedule 1		Schedule 2	
	1999	1998	1999	1998
Long-term disability				
- Worker pensions	$ 572	$ 578	$ 63	$ 63
- Supplements	245	251	19	18
- Future economic loss	300	290	19	19
- Non-economic loss	80	79	9	9
	1,197	1,198	110	109
Labour Market Re-entry				
- Income support	123	185	10	13
- External provider	43	42	2	3
	166	227	12	16
Short-term disability	286	241	47	41
Health care				
- Health care	211	188	24	21
- Medical reports	18	18	2	2
	229	206	26	23
Survivor benefits	108	173	14	21
	$ 1,986	$ 2,045	$ 209	$ 210

8. ACTUARIAL RECONCILIATION OF THE CHANGE IN THE UNFUNDED LIABILITY

The actuarial reconciliation of the change in the unfunded liability is as follows:

($ Millions)		1999		1998
Unfunded liability, beginning of year		$ 7,098		$ 8,057
Add/(deduct):				
Investment income not earned due to shortfall in invested assets		499		569
Premiums allocated to reduction of unfunded liability		(1,061)		(930)
Experience losses (gains) resulting from:				
Indexation of benefits less than expected		(69)		(231)
Higher than expected interest rates		(408)		(400)
Prior and current year's claims experience and other sources		(16)		(93)
Other increases/(decreases):				
Changes in assumptions				
Net investment returns	$ (775)		$ -	
Other changes	106	(669)	126	126
Future claims administration costs		820		-
Change in accounting policy (note 11)		208		-
Unfunded liability, end of year		$ 6,402		$ 7,098

9. ADMINISTRATIVE AND OTHER EXPENSES

Administrative and other expenses consist of the following:

($ Millions)	1999	1998
Salaries and employee benefits	$ 259	$ 227
Equipment depreciation and maintenance	30	22
Occupancy	31	29
Communication	12	11
Supplies and services	13	16
Miscellaneous	10	11
Travel and vehicle maintenance	6	5
Year 2000 project	26	8
	387	329
Restructuring	0	6
	$ 387	$ 335

10. RELATED PARTY TRANSACTIONS

Legislated obligations and commitments

Under the *Workplace Safety and Insurance Act, 1997*, and as directed by the Lieutenant Governor through Orders in Council, the WSIB is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. In addition, the WSIB is also required to fund the operating costs of the Workplace Safety and Insurance Appeals Tribunal, the Offices of the Worker and Employer Adviser and the mine rescue stations. The amounts of reimbursements and funding are determined and approved by the Minister of Labour. The WSIB is also committed to provide funding for the Institute for Work and Health and for the Safe Workplace Associations. The total amount of funding provided under these legislated obligations and commitments in 1999 was $145 million (1998: $126 million).

Investments

Included in investments are marketable fixed income securities issued by the Ontario provincial government and related corporations of $362 million (1998: $298 million).

Other

In addition to the legislated obligations and accident prevention expenses, the financial statements include amounts resulting from transactions conducted in the normal course of operations, with various Ontario government-controlled ministries, agencies, and Crown corporations with which the WSIB may be considered related. Such transactions are conducted on terms and conditions similar to those transactions with unrelated parties. Account balances resulting from these transactions are not significant.

11. EMPLOYEE FUTURE BENEFIT LIABILITY

Previously the costs of providing these post retirement benefits were charged to income as the expenditures were incurred. In 1999 WSIB changed its accounting policy for employee future benefits other than pensions based on the new CICA accounting standard for "Employee Future Benefits" which is required for fiscal years commencing January 1, 2000. Under the new policy, costs for employee future benefits other than pensions are required to be accrued over the periods in which the employees render services in return for these benefits. This change has been applied retroactively effective January 1, 1999.

The current year's expense incurred for these employee future benefits other than pensions has increased by $16 million as a result. The cumulative effect of this accounting policy change as of January 1, 1999, is an increase in the employee future benefit liability of $208 million and an increase in the unfunded liability by the same amount. As the effect of this accounting policy change was not reasonably determinable, the comparative statements have not been restated to reflect this change.

At year end 1999, the WSIB's employee future benefit obligation other than pensions was as follows:

Accrued benefit obligation	$224 million

The significant actuarial assumptions adopted to measure the WSIB's employee future benefit obligation other than pensions were as follows:

Discount rate	6%
Health care cost trend rate	
-medical	5%
-dental	4%

12. COMMITMENTS AND CONTINGENCIES

Operating leases

At December 31, 1999, the WSIB was committed under non-cancellable operating leases requiring future minimum payments of approximately $17 million per year over the next 5 years and aggregating $37 million thereafter.

Legal actions

The WSIB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material effect on the WSIB.

Bank Line of Credit

The WSIB maintains an unsecured $150 million line of credit with a commercial bank. The credit line was not utilized in 1999.

Year 2000 Issue

The year 2000 Issue arises from computing and microchip circuitry that use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900, or some other date, resulting in errors when calculations using Year 2000 are performed. In addition, similar problems may arise in

some systems that use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the year 2000 Issue affecting the WSIB, including those related to the efforts of its customers, suppliers, or other third parties have been fully resolved.

13. PENSION PLANS

The WSIB has two pension plans for its employees and safe workplace associations: the WSIB Employees' Pension Plan and the WSIB Employees' Supplementary Pension Plan.

The WSIB Employees' Pension Plan is a contributory defined benefit pension plan which provides for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the WSIB.

An independent actuarial valuation performed as of December 31, 1999 has determined that the pension plan is in a surplus position. The accrued pension obligations of the contributory defined benefit plan reflect management's estimates of salary escalations, investment rate of return, mortality of members, terminations, and the ages at which members will retire.

As at December 31, 1999, the pension plan's funded status was as follows:

($ Millions)	1999	1998
Pension assets	$ 1,042	$ 962
Accrued pension obligations	$ 831	$ 701

The WSIB's Employees' Supplementary Pension Plan is a contributory defined benefit plan and was created to ensure that employees of the WSIB whose earnings exceed the threshold earnings for the maximum pension benefit permitted under the *Income Tax Act (Canada)* receive pension benefits based on their total earnings. The investment activities and the administrative and accounting matters of the supplementary pension plan are administered by the WSIB.

As at December 31, 1999, the supplementary plan's funded status was as follows:

($ Millions)	1999	1998
Pension assets	$ 0.5	$ 0.2
Accrued pension obligations	$ 7.8	$ 5.0

RESPONSIBILTY FOR FINANCIAL REPORTING

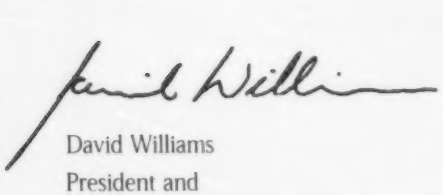
The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied, and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report is consistent with these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit Committee, to ensure that management fulfils these responsibilities. The Audit Committee meets periodically with management, internal auditors and external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure and recommendations on internal control.

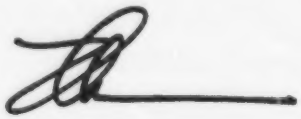
The Internal Audit Branch performs audits designed to test the adequacy and consistency of the WSIB's internal controls, practices and procedures.

The external auditors, KPMG LLP, working under the direction of the Provincial Auditor, have performed an independent audit of the financial statements of the WSIB in accordance with generally accepted auditing standards. Their report outlines the scope of this independent audit and their opinion on the financial statements of the WSIB.

Eckler Partners Ltd., the independent consulting actuaries to the WSIB, express an opinion on the adequacy and appropriateness of the valuation of the WSIB's benefits liability.



David Williams
President and
Chief Executive Officer



Thomas Chan
Vice-President,
Finance and Corporate Services
and Chief Financial Officer

March 3, 2000

AUDITORS' REPORT

KPMG

To the Workplace Safety and Insurance Board,
the Minister of Labour,
and to the Provincial Auditor

Pursuant to the *Workplace Safety and Insurance Act* which provides that the accounts of the Workplace Safety and Insurance Board (WSIB) shall be audited by the Provincial Auditor or under his direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the balance sheet of the WSIB as at December 31, 1999 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of WSIB management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WSIB as at December 31, 1999 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Toronto, Canada
March 3, 2000

CONSULTING ACTUARIES' REPORT

Eckler Partners Ltd.

Consulting Actuaries' Report on the Valuation of the
Benefits Liabilities of the Schedule 1 Insurance Fund of
The Workplace Safety and Insurance Board of Ontario as at December 31, 1999

We have determined the estimated present value as at December 31, 1999 of future payments for short term disability, long term disability, labour market re-entry, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before that date to be $14,915 million. We have examined the data upon which the calculations were based and found them to be sufficient and reliable for the purposes of the valuation and consistent with the WSIB's financial statements. We consulted with the Chief Actuary in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to occupational disease or for future costs of administering the current claims.

We understand that this year the Board will be making a separate provision for the future costs of administering the current claims. WSIB management has determined the provision for future claims administration costs to be $820 million as at December 31, 1999. We believe that it is prudent and appropriate to establish a provision for the future costs of administering the current claims, although we are not able to provide an opinion with respect to the adequacy of the provision at this time.

The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. For the purpose of this valuation, we continue to use the same assumptions as were used in the previous valuation regarding the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 42, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 43 and of the portions of compensation for future loss of earnings under section 43 and of supplemental pensions under section 147(4) of the Act which will be continued following the reviews 24 months and 60 months after the benefits commence.

The present value also takes into account the provisions of Bill 165, which came into effect as of January 1, 1995 and the provisions of Bill 99, which came into effect as of January 1, 1998.

The valuation was based on the provisions of the *Workplace Safety and Insurance Act* and on the WSIB's administrative practices in effect as of January 1, 2000. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the Act by using a net investment return assumption of 4 per cent per annum with respect to fully indexed benefits and 6.5 per cent per annum with respect to partially indexed benefits. The rates of net investment return were determined on the assumption that investment income in excess of these rates will be required to finance indexation of those benefits related to inflation. The long-term rate of general price inflation assumed in the valuation was 3 per cent per annum, and the rate of indexation of benefits was therefore assumed to be 3 per cent per annum for fully indexed benefits and 0.5 per cent per annum for partially indexed benefits.

In the previous valuation, the long-term rate of general price inflation was assumed to be 4 per cent per annum and the valuation was based on a net investment return assumption of 3 per cent per annum with respect to fully indexed benefits and 6 per cent per annum with respect to partially indexed benefits. For the purpose of this year's valuation, the long-term inflation assumption was reduced to 3 per cent per annum and the net investment return assumption was increased to 4 per cent per annum with respect to fully indexed benefits and 6.5 per cent per annum with respect to partially indexed benefits, to better reflect the current underlying economic conditions. The effect of this change was a reduction in the liabilities of $775 million.

It was assumed that survival on Loss of Earnings benefits will follow WSIB experience for the years 1991-1996, modified after one year so that 6 per cent of lost time accidents continue to receive benefits after two years. Following the two-year period, the renewal rate would decrease annually at an average rate of 10 per cent until it reaches 60 per cent six years after the date of accident.

Except as described above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

In our opinion, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of $14,915 million as at December 31, 1999 makes reasonable provision for future payments for short term disability, long term disability, labour market re-entry, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1999.

David A. Short, F.S.A., F.C.I.A.
Actuaries with the firm of Eckler Partners Ltd.

Jill M. Flicht, F.S.A., F.C.I.A.

March 3, 2000

TEN-YEAR HISTORY

Workplace Safety and Insurance Board
Ten-Year Summary of the Statements of Operations and Unfunded Liability

($ millions)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
REVENUES										
Premiums for current year (see note below)	$ 1,707	$1,722	$1,886	$1,917	$1,953	$1,864	$1,969	$2,171	$2,505	$2,596
Investment	1,065	997	849	711	593	499	521	453	450	440
	2,772	2,719	2,735	2,628	2,546	2,363	2,490	2,624	2,955	3,036
EXPENSES										
Benefits paid	2,203	2,262	2,249	2,371	2,385	2,331	2,435	2,444	2,342	2,059
Net increase (decrease) in benefits liability	135	(85)	(1,740)	50	(150)	(75)	400	760	1,440	1,220
Net increase in the Injured Workers' Retirement Fund	59	52	48	49	49	29	30	14	2	–
	2,397	2,229	557	2,470	2,284	2,285	2,865	3,218	3,784	3,279
Administrative and other	387	336	341	321	339	331	343	347	343	323
Legislated obligations	145	125	117	98	113	104	100	97	87	53
	2,929	2,690	1,015	2,889	2,736	2,720	3,308	3,662	4,214	3,655
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES	(157)	29	1,720	(261)	(190)	(357)	(818)	(1,038)	(1,259)	(619)
Premiums for unfunded liability (see note below)	1,061	930	683	693	700	487	314	357	–	–
Excess of revenues over expenses - applied to reduce the unfunded liability	904	959	2,403	432	510	130	(504)	(681)	(1,259)	(619)
Unfunded Liability beginning of year	7,098	8,057	10,460	10,892	11,402	11,532	11,028	10,347	9,088	8,469
Change in accounting policy	208	–	–	–	–	–	–	–	–	–
Unfunded Liability end of year	$6,402	$7,098	$8,057	$10,460	$10,892	$11,402	$11,532	$11,028	$10,347	$9,088

Note: Premiums were not segregated into current and unfunded liability components for 1990 to 1991.

OTHER STATISTICS	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Schedule 1										
Average rate of assessment (per $100 of payroll)	$2.42	$2.59	$2.85	$3.00	$3.00	$3.01	$2.95	$3.16	$3.20	$3.18
Total assessable payroll ($ millions)	$101,654	$96,205	$91,497	$86,844	$86,065	$82,818	$84,243	$83,048	$80,727	$80,352
Number of WSIB employees as at December 31	4,260	4,057	3,966	4,373	4,597	4,603	4,751	4,909	5,139	5,138
Number of registered claims	364,069	342,687	341,178	345,606	371,837	370,444	368,485	377,019	409,946	473,407

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The *Workplace Safety and Insurance Board 1999 Annual Report* and *Statistical Supplement to the Annual Report* are published by the Communications Division of the WSIB. For additional copies of the *Annual Report* or *Statistical Supplement*, please contact the Communications Division at (416) 344-4200 or toll free, 1 (800) 387-5540 x4200.